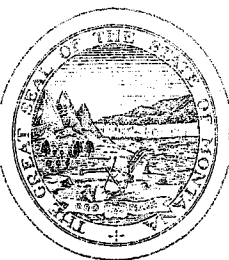


COMMISSIONER OF
POLITICAL PRACTICES

EXHIBIT 1
DATE 3-15-2011
HB 3



STATE OF MONTANA

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January 31, 2011

HB3 Amendment; Supplemental Appropriation Request

The Office of the Commissioner of Political Practices respectfully requests a supplemental appropriation for expenditure in the current fiscal year in contracted legal services. This is in order to continue the campaign and ethics enforcement program through the end of the fiscal year.

There are currently 57 cases on the current docket, 271% of last year's number. In 2010, 48 complaints were filed, up 375% from 5 years ago. As of January 15, COPP had \$9,300 remaining for contracted legal costs.

Without additional budget authority, the office will have to stop most enforcement work by mid February.

Our request is for a total of \$88,500, and explanation for this amount is as follows:

1. \$30,000 - 5 contracts with Hearing Examiner for alleged ethics violations
 - a. Per §2-2-136(1)(c), a contested case hearing must be held for each accepted complaint (with very narrow exceptions), and such a hearing requires the use of a Hearing Examiner (HE).
 - b. Standard rate is \$100/hour for a HE.
 - c. Average historical time submitted for HE has been \$20,000 per case
 - d. The office currently has 5 ethics complaints pending, with HE appointment required for all 5
 - e. We are assuming an average of \$12,000 per case expenditure, as some of the facts in two of the cases have already been unearthed, and one of the cases is near completion
 - f. We are also assuming that half of the time will be spent by HE in FY11
 - g. (\$12K x 5 cases x .5 = \$30K)
2. \$2,500 – Deputy Commissioner appointments.
 - a. Eaton v. Van Dyke, Olsen v. Van Dyke – As the Commissioner must recuse herself in these two complaints, a Deputy must be appointed. The complaints are relatively straight-forward, and 5 hours is estimated for out of office decision writing.
 - b. Harrington v. Montana Community Foundation, et al – these are 7 complaints with nearly identical allegations, but as the Commissioner worked on contract for four weeks

with the Montana Community Foundation in the spring of 2010, a recusal is in order. An estimated 20 hours for out of office decision writing.

3. \$56,000 – Legal Costs, February through June 2011

- a. Average monthly legal costs are \$12,000
- b. June is a slow month, and the costs drop to 8,000, historically
- c. This estimate includes legal fees for two WTP lawsuits, and inevitable appeals of the Eaton v. Schweitzer and Deschamps v. Bullock & MDP decisions